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**SPREAD THE NEWS!**

**CIRCULATE THIS NEWSLETTER TO DEALERSHIP STAFF**

To ensure your entire staff is kept up-to-date on information from the Secretary of State, please circulate this Dealer Newsletter, or suggest staff periodically visit the Secretary of State Web site at [www.Michigan.gov/sos](http://www.Michigan.gov/sos) to view both current and past editions of Dealer Newsletters. Choose Services to Businesses, then Automobile Dealers. You'll find Dealer Newsletters listed in the center of the page.



**DEALER TRAINING**

The Bureau of Regulatory Services offers one-day dealer training sessions to help licensed dealers and their employees with the basic requirements of the Michigan Vehicle Code. All sessions are scheduled from 10:00 a.m. to 4:00 p.m.

- [On-line registration is available for Lansing classes](#). Telephone registration is available for other training locations throughout the state by calling 517-373-6993.
- Pre-registration **is required** for all classes.
- There are no course registration fees.
- Registration is first come, first served.
- Picture ID **is required** for entry into the state buildings where training is held.
- Who should attend?
  - Dealership owners, managers, sales and office staff.
- What will be covered?
  - The basics!
    - ◆ [www.Michigan.gov/sos](http://www.Michigan.gov/sos) and Other Web Resources
    - ◆ Vehicle Ownership Documents
    - ◆ Wholesaling/Retailing Vehicles
    - ◆ Dealer Records
    - ◆ Dealer Plate Use
    - ◆ Plate Fee Calculation
- Class sizes are limited, so register early. Remaining training dates available for 2007 are:
 

<b><u>Date:</u></b>	<b><u>Location:</u></b>
November 13, 2007	Lansing
- You may [register on-line for Lansing classes](#) or contact the Dealer and Repair Resource Section at 517-373-6993 to register for classes outside the Lansing area.

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## NEW ON-LINE PLATE FEE CALCULATOR NOW AVAILABLE

Michigan law requires dealers to apply for title and registration on behalf of their customers. When a customer needs a new plate, the dealer must calculate the plate fee and record this information on the RD-108, Application for Michigan Title – Statement of Vehicle Sale.

The on-line [Plate Fee Calculator](#) was developed to assist dealers in calculating these fees. The program quickly calculates common license plate fees. Using the plate fee calculator will minimize plate fee errors, ensuring quicker turn-around time when you submit RD-108s. You can access the new plate fee calculator on the Department's Web site at [www.Michigan.gov/sos](http://www.Michigan.gov/sos). Select "Services to Businesses." We suggest you bookmark the new Web site for easy future access.

License plate fee charts remain available in the back of the [MV-118 Base Price Booklet](#), which is now only available on the SOS Web site. Select "Services to Businesses", "Automobile Dealers", "Titling and Registering Procedures", then "MV-118 Vehicle Base Price Booklet (MSRP)." Please note that with the 2007 supplement to the MV-118 Base Price Booklet, we will no longer be printing and distributing this document at branch offices. It is only available on the Department's Web site.

If you find you need help calculating a plate fee, call the Department of State Information Center at 1-888-SOS-MICH (767-6424) for assistance.

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"Not Eligible for Plates - No Tax Paid"

## TITLED MOTORCYCLE OR MOPED?

Section 257.31 of the Michigan Vehicle Code defines a motorcycle as a vehicle having a saddle or seat for the rider and designed to travel on not more than 3 wheels in contact with the ground, excluding a tractor.

Section 257.32b of the Code defines a moped as a 2 or 3-wheeled vehicle that does not exceed 50 cubic centimeters piston displacement, produces 2.0 brake horsepower or less, cannot travel at a speed greater than 30 miles per hour on a level surface and does not have a gear shift.

and you must apply for title and registration on behalf of your customer:

- Exceeds 50 cc's piston displacement.
- Can exceed 30 miles per hour on a level surface.
- Produces over 2.0 brake horsepower.
- Has a gearshift.



### CONTACT THE MICHIGAN DEPARTMENT OF STATE - NOW TOLL FREE!!!

That's right, it's on our dime! 1-888-SOS-MICH (767-6424). One number to remember for the majority of calls you will make to the Department. Put us on your memory dial ~ 1-888-SOS-MICH.

If a 2 or 3-wheeled vehicle meets one or more of the following criteria, it must be titled under Michigan law

If you are selling new motorcycles, you must have a franchise agreement with the manufacturer and a new vehicle dealer license.

## “BLUE BAR” STANDARD PLATE TRANSITION

Designed to help law enforcement officers ensure public safety across our state, Public Act 177 of 2006 requires the Department of State to issue a new, higher visibility standard plate when an “Old Blue” plate is renewed, transferred, or replaced. Beginning January 1, 2007, over an 18-month period, 5.6 million “Old Blue” plates will be replaced as they are renewed, transferred, or replaced. The new standard plate is reflective white with a blue bar across the top.



Dealers are advised that when customers renew or transfer/renew their “Old Blue” registration plate, they will be issued a new standard plate which is reflective white with a blue bar along the top. There is no extra fee for the new plate. In the past, dealers received only a new registration and tab back from the branch for these customers. This may necessitate an additional contact with the customer when the new plate is received.

It is important for dealers to ensure their customers are aware they must use the new issue plate to prevent risk of receiving citations from law enforcement for improper registration.

### **DOCUMENTARY FEE MAXIMUM INCREASES FROM \$170 TO \$180**

Pursuant to the Motor Vehicle Sales Finance Act, the documentary preparation fee maximum has been adjusted to \$180, through 2008.

Section 13(2)(a) of the Motor Vehicle Sales Finance Act (MCL 492.113(2)(a)) states, in part:

“The documentary preparation fee shall not exceed 5% of the cash price of the motor vehicle or \$160.00, whichever is less. Beginning on January 1, 2005, the administrator shall adjust the \$160.00 maximum for the documentary preparation fee described in the subdivision every 2 years to reflect the cumulative percentage change in the consumer price index for the 2 immediately preceding calendar years, as determined by the administrator. The administrator shall round the adjustment to the nearest \$10.00 increment to set the fee every 2 years....”

The commissioner of the Office of Financial and Insurance Services has reviewed the documentary preparation fee for adjustment and has determined the maximum shall be adjusted to \$180 from \$170, effective Jan. 25, 2007. Therefore, the documentary preparation fee shall not exceed 5 percent of the cash price of the motor vehicle or \$180, whichever is less.

If you have questions regarding documentary preparation fees, please contact the Department of Labor and Economic Growth, Office of Financial and Insurance Services toll free at (877) 999-6442.

### **RD-108 INFORMATION CHANGES**

If you find yourself in a situation where you need to change any buyer information (name, address, driver license number), vehicle information (VIN, year, make), lienholder information (name, address), or odometer information on an RD-108, you need to prepare a new RD-108, complete with new signatures.

The importance of accuracy on your RD-108s cannot be stressed enough. Getting a customer to return to sign a new RD-108 can sometimes be difficult, but it is necessary if buyer, vehicle, lienholder, or odometer has been changed.

## **APPROVED RD-108**

Have you come across a different looking RD-108 recently, something labeled an RD-108e? The RD-108e is an RD-108 version approved for new vehicle dealers participating in the Dealer Direct Project. All other dealers must use the “regular” RD-108 with a revision date of 12/2002.

Non-Dealer Direct dealerships using the RD-108e may have their deals returned by the branch office. Do not use this form unless your dealership is participating in the Dealer Direct Project.

## **SELF-CERTIFICATION OF VEHICLE OWNERSHIP CHANGE**

The self-certification of ownership process for vehicles six or more model years old and worth \$2,500 or less has changed.

The TR-54 VIN inspection from a Michigan law enforcement officer is no longer required when a dealer uses the self-certification process to replace a vehicle title assigned to the dealership and subsequently lost or misplaced. Applicants now self-certify the VIN using the TR-205 Ownership Certification form, which is available on the SOS Web site, [www.Michigan.gov/sos](http://www.Michigan.gov/sos), by clicking on “Services to Businesses,” then “Publications and Forms.”

The dealer submits the TR-205 Ownership Certification, their RD-108 for a resale title, and a BDVR-108 Odometer Mileage Statement, if needed, to the branch office. The branch office submits a request for a National Crime Information Center (NCIC) check to ensure the vehicle has not been reported stolen in any state. When the branch receives a favorable response to their request, it processes the requested transaction.

A surety bond must be submitted to replace the lost title for a vehicle six model years old or less or any vehicle valued at \$2,500 or more.

## **TRUCK REGISTRATION MADE SIMPLE – AD VALOREM LEVEL RAISED FROM 5,000 TO 8,000 POUNDS**

Many of today’s pickup trucks exceed 5,000 pounds empty weight, particularly the 3/4 ton and 1-ton pickup models. Sometimes dealers forgot that pickups and vans weighing over 5,000 lbs. were to register by empty weight instead of ad valorem. Situations occurred where dealers registered a truck over 5,000 lbs. by ad valorem rather than empty weight, and their customers received a citation from law enforcement for improper registration.

Good news – thanks to a recent legislative change, the registration process for these trucks is greatly simplified! The threshold for registering pickups and vans by weight increased from 5,000 lbs. to 8,000 lbs.

What does this mean for you, truck owners, law enforcement agencies, and the Secretary of State? Easy – now all pickup trucks and vans up to 8,000 lbs. (empty weight) register by ad valorem. Pickups and vans between 5,000 and 8,000 lbs., which previously registered by empty weight, now register by ad valorem. This greatly simplifies the registration process for everyone.

## NEW DEALER MANUAL UPDATES NOW ON-LINE

If you haven't visited [www.Michigan.gov/sos](http://www.Michigan.gov/sos) and checked out Services to Businesses, you've missed several Dealer Manual chapter updates. Check it out and print the following for your dealership's Dealer Manual:

√ Table of Contents	rev. 02/2007
√ Important Telephone Numbers	rev. 08/2006
√ Chapter One: Licensing Requirements	rev. 06/2006
√ Chapter Seven: RD-108 – Application for Title and Registration	rev. 06/2006
√ Chapter Eight: Sales Tax	rev. 02/2007

Keep an eye out for revisions to Chapter Six and Appendix A in the near future!

### CLASS "B" AND "W" DEALERS MAY DEAL IN USED VEHICLES ONLY

A Class B used vehicle dealer or Class W wholesale dealer purchasing a vehicle on an assigned Manufacturer's Certificate of Origin (MCO) has exceeded the authority of their dealer license. Dealers are reminded that a Class A new vehicle dealer license is required to buy or sell new vehicles. A new vehicle dealer may only sell a vehicle make for which they have a franchise agreement with the manufacturer.

### BODY STYLES: IS IT A PICKUP (PU) OR STATION WAGON (SW)?

With greater numbers of so-called "crossover vehicles" being marketed, there can be confusion about what body styles should be used with RD-108s. Keep these hints in mind:



- If it has a pickup bed, regardless of the number of windows and doors, it's a pick-up (PU)
- If it's an SUV, with at least two windows each on the driver side and passenger side, it's a station wagon (SW)

### DEALER PLATE USAGE

All dealership vehicles leaving your lot should have, in addition to proof of insurance, a form issued by your dealership authorizing the operator to use the vehicle. If the operator is a prospective customer, then a statement should be carried advising the vehicle is being operated for demonstration purposes and include the date and time the prospective customer took possession of the vehicle. The form should include the dealership's telephone number.

A Dealer Bulletin outlining proper and improper use of dealer plates can be found by accessing [www.Michigan.gov/sos](http://www.Michigan.gov/sos), Services to Businesses/Automobile Dealers/Dealer Bulletins. This publication, in addition to being distributed to auto dealers, was sent to all Michigan law enforcement agencies.



## **CUSTOMERS' DRIVER LICENSE NUMBERS – REMINDER TO ENTER ON RD-108**

Branch offices have asked that dealers be reminded to please record customers' driver license numbers on their RD-108. This greatly speeds the processing of the RD-108, and also ensures the driver license number becomes part of the new registration record. If your customer is from out-of-state, record their out-of state driver license number and the state of issuance.

## **IN-TRANSIT COMPUTATIONS ~ OUT-OF-STATE CUSTOMERS**

When preparing RD-108s for your out-of-state customers, please remember to check the [Michigan Department of Treasury's form 485](#). This form lists current sales tax rates for each state. If your customer is from a tax reciprocal state, enter the state sales tax calculation for your customer's home state as well as Michigan's 6% state sales tax in the Remarks section of the RD-108. Circle the lower of the two amounts, and enter this amount in box number 4 (tax) in the upper-right side of the RD-108. This is the amount of tax you will be collecting from your customer.

## **IS YOUR CUSTOMER A REPEAT OFFENDER?**

A repeat offender is a driver who has had a second drug or alcohol conviction in a seven year period, or a third driving while license suspended offense. The driver enters what is called "registration denial" after being convicted of their 3rd drunk driving offense or 4th driving while license suspended offense. Drivers in registration denial cannot purchase, transfer, or renew a vehicle registration.

Branch offices will return RD-108 transactions if you apply for a registration plate for a customer who is currently under registration denial.

To ensure this does not happen, dealers are encouraged to check the Department's on-line [Repeat Offender database](#) to verify if a prospective customer is under registration denial. Enter your customer's name, date of birth, and driver license number or personal identification number before finalizing the sale.

We suggest you mark the on-line [Repeat Offender database](#) as a favorite for ease of use.

## **SEPARATE ODOMETER STATEMENTS**

If there is a conforming title present (the great majority of titles are now conforming), a separate odometer statement is not necessary and not valid. Federal and state law requires the seller to disclose the odometer reading and declaration (actual, not actual, exceeds mechanical limits) on the conforming title assignment. Sending unnecessary paperwork to your branch may slow down the processing of your transactions.

The same is true if there is a conforming odometer statement available on an MCO; a separate odometer statement is not necessary.

## NEGATIVE EQUITY – TAX OR NO TAX????

According to the Michigan Department of Treasury, how you show a negative equity on the RD-108 determines if the negative equity is taxable or not.

- If you are rolling a negative equity amount from a trade-in vehicle into the total purchase price of a newly acquired vehicle for your customer, the total purchase price (negative equity from their previous trade-in vehicle, plus the cost of their newly acquired vehicle) is taxable.
- If you show the negative equity amount on line 10 of the RD-108, the negative equity is not taxed.

### DEPARTMENT OF TREASURY CONTACT TELEPHONE NUMBER

The Michigan Department of Treasury has given us an additional telephone number to more directly access their Technical Services Section; 517-636-4230. Dealers may still use the 517-636-4730 number when inquiring about sales tax matters.

The Department of Treasury's Technical Services Section can be contacted at 517-636-4230 for questions on tax issues. You may also wish to contact the Department of Labor and Economic Growth, Office of Financial and Insurance Services regarding financial contracts at 877-999-6442.

### “NOT ELIGIBLE FOR PLATES – NO TAX PAID”

This verbiage appears on resale titles, the titles dealers apply for on vehicles being held for resale. The vehicles in your inventory being held for resale are not subject to tax until there is a retail sale to a consumer.

These vehicles are also not eligible for a registration plate until tax is paid, but may be driven using a dealer plate, which is considered a special plate issued by the Secretary of State.